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ABSTRACT

Drawing from a national survey of state-level community college financial policies and procedures, this report reviews trends in financial support, community college expenditures, tuition, and financial aid. Introductory material examines the relationship among enrollment, tuition, and financial aid. Based on data from 37 states, part I focuses on community college funding indicating an increase in overall levels of support. Data are provided on sources of operating funds by percentage of total funds available, state appropriations for all education, sources of state funds for general operating expenditures; funds allocated on the basis of program costs; reported changes in support mechanisms since fiscal year 1986; sources of funding for non-credit programs; funding for operations by means other than enrollment calculations; percentage of total state funds in support of categorical programs; sources of funds for capital outlay; and sources of local tax revenue in support of community colleges. Part II contains data on mean expenditures per full-time equivalent (FTE) student, including comparable data for 1985. This section also provides information on full-time and part-time headcount enrollments, as well as annual FTE student enrollment figures. States are listed in rank order by expenditure per FTE. Part III offers additional information on the financial support of community colleges, pointing to tuition and fee increases by state and changes in student financial aid. This section concludes with survey responses regarding the most critical problems facing community colleges. The questionnaire and a list of respondents are included. (JMC)

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COMMUNITY COLLEGE FINANCING 1990

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CHALLENGES FOR A NEW DECADE

By David Honeyman, Mary Lynn Williamson, and James L. Wattenbarger

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COMMUNITY COLLEGE FINANCING 1990:

CHALLENGES FOR A NEW DECADE

David Honeyman
Mary Lynn Williamson, and
James L. Wattenbarger
American Association of
Community and Junior Colleges

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PREFACE

This is the eleventh in a series of publications related to financing public community colleges. The National Council of State Directors of Community/Junior Colleges, an affiliate council of the American Association of Community and Junior Colleges (AACJC), has provided encouragement as well as support to the Institute of Higher Education at the University of Florida to continue these reports. The last volume of the series, *Financing Community Colleges 1988*, is available from AACJC, and readers may want it as well as this one in order to compare the changes that have occurred.

The 1988 report suggested that the changes in the various states required a new descriptive taxonomy to analyze the ways in which they allocated funds to their community colleges. Eight more states have begun using formula-based funding mechanisms, demonstrating that the new taxonomy is viable and useful.

An interesting observation can be made on the issues surrounding the financing of community colleges. Based upon personal experience as well as communication with many colleagues throughout the United States, we learned that those involved in the legislative process increasingly make decisions regarding the financing of the community college that contradict the philosophical basis of the community college. Such decisions hamper colleges from accomplishing their traditional mission. Several of these issues are discussed in this 1990 volume.

We thank those who contributed most of the work in preparing this report, the principal authors David Honeyman and Mary Lynn Williamson. We wish to express our appreciation to them and to all others who contributed data. We are also indebted to Christina Aslan for monitoring the details of manuscript preparation.

To the scholars and others who use this report, we request that you send us any comments or suggestions for improving the series' twelfth volume, which is currently being developed.

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Service Professor and Director
Institute of Higher Education
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December 1990

INTRODUCTION

As public community, technical, and junior colleges became an integral part of the total American education system, the pattern of financial support for them became similar to that for other levels of education in each state's total financial support pattern. Being between the university and the K–12 public school system makes it difficult to categorize community, junior, and technical colleges separately. Difficulties in allocating state resources to education affect all levels in a similar manner. When one level of education suffers from inadequate support, all levels similarly suffer.

Past studies have developed taxonomies that purport to describe categories of support methodologies. Community college leaders seek to identify ways to enhance support by manipulating formulas, establishing categorical support patterns, capturing some advantage of the moment, or increasing appropriations overall. This study provides a comparison of how educators in different states use these methods to strengthen financial support for their colleges.

However, a broader view may be essential if an adequate level of support is to be attained. Perhaps community colleges now need to develop a cooperative approach to education funding that recognizes the partnership of all of those who serve the needs of students.

This has not always been the case. Previous studies indicate that for a number of years in various states community colleges were provided special attention by legislatures and local jurisdictional units. This special attention resulted in treatment that sometimes provided more funds for the community college than were made available to other levels of education. In other instances, the opposite situation existed. During the early days of community college development, when local funds were the predominant source of support, the competition for funds was at the local district level, between public schools and the community college. In a few states, community colleges were started as complete state-level operations, and in those states the dominance of the universities over financial support was apparent.

In fact, community colleges were often started during periods of rapid growth in the college-age population as a less expensive, alternate method to educate freshman and sophomore students. In some instances community colleges were treated with special concern during these initial stages. But however special the original mandates may have been, the procedures eventually supported the K–12 and university sectors at the expense of community colleges. Only recently has this changed.

As the decade of the 1990s begins, the separation of support for various educational levels is not as clearly defined as it has been in previous years, and community colleges have become a recognized part of a total system. This new status is not necessarily a positive development. The traditional acceptance of charging student fees, or use taxes, in the four-year institutions has become an accepted procedure in the community colleges and is becoming an increasing source of revenue.

Because of the new, holistic view of the educational system and the economic distress faced in almost every state, all levels of education are receiving an inadequate level of public support. The problems previously associated with local- and state-level favoritism for one level over another have apparently declined. Competition for scarce resources may no longer be in the best interest of the community college; cooperation and the use of effective total educational leverage may be the most effective strategy for the future.

Enrollment, Tuition, and Financial Aid

The question of the relationship among enrollment, tuition, and financial aid as applied to the community college setting was one of the research areas for this study. It has long been held that there is an inverse relationship between tuition and enrollment. Recent studies have indicated that subtle shifts in the cost of education can result in a downward pressure on enrollment (Leslie and Brinkman, 1988) and that the uncertainties of financial aid make pricing decisions concerning tuition levels difficult (Yanikoski, 1986).

Community colleges are low-cost institutions when compared to public and private four-year programs. The competitive nature of funding public community colleges mentioned above creates a dual pricing system in most states: the high-priced four-year program and the low-priced two-year system. The rationale for such a system rests on four assumptions that have been noted by Yanikoski (1986):

- The social benefits of higher education deserve the support from the public tax base
- Low tuition encourages a diversity of students from all socioeconomic strata to try higher education
- Direct state support is more stable than financial aid as a source of predictable revenue
- Low tuition is easier to defend than inflation-driven increases in institutional scholarship funds (p. 116)

Given the economic changes that occurred between the period of this study and the previous one in the series, from 1985 to 1988, it was expected that relationships similar to those described above would be in evidence, i.e., increases in tuition and decreases in financial aid would

relate to decreases in enrollment. However, this was not the case. Percentage changes in enrollment were positively correlated with percentage changes in tuition and inversely related to percentage changes in financial aid for the period. These correlations were developed from the data on Tables 14 and 15 and are presented in Figure 1.

Increases in tuition at the district, in-state, and out-of-state levels (positively correlated with enrollment) did not appear to exert downward pressure on enrollment as expected. Likewise, the decreases in all levels of financial aid, particularly aid granted by the institution (negatively correlated with enrollment, $r = -.82$), did not relate to decreases in enrollment.

While it is important to note that these data are not complete, it is reasonable to conclude that enrollment in community colleges has not been directly related to tuition during this time. Subtle changes in tuition may well continue to be acceptable to students irrespective of financial aid. It is probable that there is a marginal level to which tuition may rise with no contrary effect on enrollment and that the effect of financial aid on enrollment is not evidenced until that marginal level is reached.

This is probably the most important conclusion of this report. Currently it appears that community colleges can raise tuition without affecting enrollment. However, as the relative contributions to revenue for operations of community colleges continue to shift away from federal and state support, and as local sources and increases in tuition and student fees adjust for such losses and contribute more directly to total revenue, there will be a point where enrollment will begin to decline. The effects of such a model on the factors that influence enrollment need to be continually assessed for each state, and additional study on the effects of pricing decisions on students from various socio-economic levels is needed if the mission of the community college is to remain intact for the future.

FIGURE 1
CORRELATION ANALYSES BETWEEN ENROLLMENT CHANGES AND TUITION AND FINANCIAL AID CHANGES 1988 AND 1985

	Covariance:	Correlation:	R-squared:
In-District Tuition	2.77	.31	.09
In State Tuition	30.72	.47	.22
Out-of-State Tuition	257.19	.29	.09
Federal Financial Aid	-.78	-.27	.07
State Financial Aid	-.24	-.16	.03
Private Financial Aid	-.61	-.25	.06
Institutional Financial Aid	-.01	-.82	.67

Results of the Questionnaire

In order to gather information concerning the financial issues affecting community colleges, a questionnaire and explanatory cover letter were sent to each state's director of community colleges (See Appendices A and B). Thirteen states did not furnish the requested information. Those states are listed in Table 1. The community college enrollment of the 13 states not participating in this study represents 7.7 percent of the total U.S. enrollment as reported by AACJC (1988). South Dakota has no public community colleges, and thus is not included in this report.

Summary statistics, indicating non-participants and non-respondents, are indicated at the end of each table. Percentage calculations were based only on participating states who responded to that particular item on the questionnaire, and descriptive statistics are included where appropriate. Comparisons are made to the results of a previous survey that reported 1985–86 data (Wattenbarger, 1988).

TABLE 1
STATES FOR WHICH NO DATA WERE REPORTED

State	Enrollment 1987–1988
ALASKA	522
COLORADO	53,877
DELAWARE	8,191
IDAHO	5,441
KANSAS	50,105
MAINE	10,917
MISSOURI	60,828
MONTANA	3,354
NEBRASKA	29,183
NORTH DAKOTA	6,461
OHIO	150,073
SOUTH DAKOTA	0
UTAH	22,350
Total enrollment for states that did not report	401,302
Total for the 50 states	4,922,291
Percent of students for whom no data were available	8.15%

Enrollment data taken from the *1988 Statistical Yearbook of Community, Technical, and Junior Colleges*, the American Association of Community and Junior Colleges, p. 56.

PART I

FUNDING THE COMMUNITY COLLEGE

Part I of this report indicates that while overall levels of support have increased since the 1988 study, state support for the operation of community colleges in the United States decreased in a number of states. Further, this decrease in the level of state support was accompanied by an increase in the level that student fees contributed to total operating revenue. In some states, colleges managed to replace declining state funds with increased local support. In fact, most of the areas in which local support increased were in states that had reduced their support.

The results in this report also indicated several new relationships between funding sources and total revenue available to the community college. Of particular interest were the negative relationships found between total revenue available to the community college and the portion of revenue received from both student fees and state sources. States that reported high percentages in the use of fees or high levels of state support did not report high levels of total support. An increased reliance on the student fees and state sources did not result in an increase in total available funds. It is important to note that the relationship between total revenue and revenue sources is a complex issue. These results can be interpreted as giving an indication of the strength and direction of such relationships.

Since the 1988 report, there has been a sevenfold increase in the number of states—from two, or 5.5 percent of the respondents, to 15, or 39.5 percent—that use lottery funds to support community college operations. While there remains a dependence on the sales and income tax mechanisms for the generation of state revenue, the use of excise taxes (on cigarettes, alcohol, etc.) and the lottery are increasing. Studies currently underway at the University of Florida are investigating the substitutive effect of lottery funds on the level of support for public schools in that state. Preliminary findings suggest that lottery proceeds are being used to substitute for general fund appropriations and are not providing the level of additional support to education originally expected. The effect of this substitution needs to be investigated at the community college level as well.

States are split concerning the use of program costs as a means for determining state allocations for community college support. Likewise, there is no identifiable change in the use of enrollment-driven formulas to determine levels of support. However, eight states reported that they have changed to a formula-based allocation scheme since the 1988 report. Categorical funds continue to be used to support equipment purchases and some special program offerings, including literacy, industrial

training, and social welfare training programs. While 58 percent of the respondents indicated that they receive property tax revenue in support of operations, 38 percent receive no income from local taxes, whether they be property, excise, or other taxes, and no state has reported instituting specific local taxes slated for community college use. Such a finding would have substantiated the belief of the authors that the property tax mechanism is already overburdened as the basic local fiscal support mechanism for education.

In general, there is a continuation of the trend away from state assistance for non-credit, recreation/leisure courses. Although the percentages in all categories have decreased since 1985–86, the overall trend continues to indicate a student fee basis for supporting non-credit programs. As reported, state funds support certificate programs in 11 states, life-long learning programs in eight states, recreation/leisure programs in four states, and job training programs in six states.

The percentage of each state's general operating and unrestricted funds derived from state, local, student fees, federal, and other funding sources, are listed in Table 2. The table also shows the total dollar amount of each state's general operating fund for community colleges.

Twenty states indicated that they were currently deriving a lower percentage of operating funds from state sources than in 1985–86. New Mexico leads this group, reporting 55 percent of operating funds as being derived from the state, as compared to 77 percent in the earlier study. Only seven states reported receiving a higher percentage of funds from state sources. Note that categories identified with a " + " in Table 2 logged a higher percentage in 1988–89 than 1985–86, while those categories identified with a " – " saw a decreased percentage.

Regarding the percentage of funds derived from student fees, the report indicates that a reduction in state sources of revenue was accompanied by an increase in the percentage contribution of student fees. Of the 20 states reporting a decrease in the percentage of state funds, 15 indicated an increase in the use of student fees to generate revenue, and nine reported an increase in local support. Twelve states in all reported an increased percentage of funds from local sources, while four states reported a decreased percentage. All states had an increase in total operating funds and total available funds.

Table 3 provides a summary of the data in Table 2, including average percentages, standard deviations, and minimum and maximum values. Of the 37 states responding, the average percentage of funds drawn from state support is 58.16 percent. State funds, ranging from Hawaii's 100 percent to Wisconsin's 25 percent, are still the primary funding source for most community college systems. Local sources (taxes, required tuition payments by local agencies such as public school districts, etc.) and student fees accounted for 12.93 percent and 21.67 percent respectively. Federal sources (2.7 percent) and other sources (4.23 percent), which included gifts, endowment revenue, grants, etc., were the lowest reported sources.

TABLE 2
SOURCES OF OPERATING FUNDS
BY PERCENTAGE OF TOTAL FUNDS AVAILABLE—1988

State	State %	Local %	Student Fees %	Federal %	Other %	Total Funds $
Alabama	60 +	1.00	16 +	17 +	6 –	221,500
Alaska*						
Arizona	26.80	51.50	13.10	0.00	8.60	224,687,188
Arkansas	76.07 –	0.00	21.51 +	0.94 –	1.48 –	28,324,948
California	60 –	31 +	4 –	0.00	5 +	1,924,300,821
Colorado*						
Connecticut	69.8 +	0.00	23.7 +	4.5 –	1.9 +	75,752,231
Delaware*						
Florida	75 +	0.15 +	21.86 –	0.16 –	2.83 –	590,261,746
Georgia	75 –	0.00	24 +	0.00	1.00	91,611,836
Hawaii	100.00	0.00	0.00	0.00	0.00	
Idaho*						
Illinois	30 –	41.7 +	23.4 +	0.2 –	4.7 –	617,403,258
Indiana	66 +	0.00	34 –	0.00	0.00	90,546,878
Iowa	49.16	10.25 –	29.78 –	5.61 +	5.18 +	155,518,990
Kansas*						
Kentucky	71.21 –	0.00	27.79 +	0.00	1 +	5,809,000
Louisiana	70.21 +	0.00	29.46 –	0.09 –	0.24 +	32,218,879
Maine*						
Maryland	37 –	36 +	25 –	2 +	0.00	264,701,649
Massachusetts	69.30	0.00	24.70	4.70	1.30	180,241,000
Michigan	40.00	26 +	28 –	5.4 +	0.00	475,737,176
Minnesota	61.90	0.00	37.85 –	0.25 +	0.00	
Mississippi	42.5 –	14.6 –	19.7 +	6.3 –	13.6 –	133,686,359
Missouri*						
Montana*						
Nebraska*						
Nevada	85 +	0.00	14 –	0.00	1 –	35,026,071
New Hampshire	63.00	0.00	27.00	6.00	0.33	24,701,594
New Jersey	28 –	34 +	29 +	0.00	8.00	30,046,800
New Mexico	54.9 –	30.8 +	12.2 +	0.5 –	1.6 –	42,000,000
New York (SUNY)	33.20	32.6 +	27.4 –	1.4 –	5.4 +	617,585,393
North Carolina	76.4 –	11.6 +	7 +	3.5 +	1.5 +	427,156,429
North Dakota*						
Ohio*						
Oklahoma						92,294,036
Oregon	30.36 –	47.96 –	17.49 +	4.19 +	0.00	200,925,586

TABLE 2—Continued

State	State %	Local %	Student Fees %	Federal %	Other %	Total Funds $
Pennsylvania	36.6 –	25.9 +	37.3 +	0.2 –	0.00	223,283,839
Rhode Island	62.5 –	0.00	19.4 –	1.2 +	14.3 +	39,746,549
South Carolina	58.8 –	10.3 +	20.1 +	1 +	9.8 +	127,800,435
South Dakota*						
Tennessee	70 –	0.00	0.00	0.00	30 +	
Texas	50 –	22 +	16 +	7 +	5 –	838,711,483
Utah*						
Vermont	35.00	0.00	56.00	0.00	9.00	3,728,111
Virginia	77 +	0.00	22 +	1 –	0.00	217,000,000
Washington	82 –	0.00	15.40	2.6 +	0.00	262,124,000
West Virginia	63 –	0.00	22 +	8 +	7 +	15,618,000
Wisconsin	25 –	51 –	16.2 +	4.4 –	3.4 +	320,930,949
Wyoming	70 –	0.00	30 +	0.00	0.00	52,142,140
Puerto Rico	71.27	0.00	9.63	11.62	7.48	40,904,758
Since 1985:						
No Change	10	21	8	14	17	
Number reporting increase	7	12	18	12	12	
Number reporting decrease	20	4	11	11	8	

* DID NOT PARTICIPATE

"+" and "–" indicate direction of change, not magnitude

TABLE 3
SUMMARY OF SOURCES OF OPERATING FUNDS
BY PERCENTAGE OF ALL FUNDS AVAILABLE—1988

State	State %	Local %	Student Fees %	Federal %	Other %
AVERAGE	58.16	12.93	21.67	2.70	4.23
STD DEV	19.12	17.42	10.87	3.78	5.88
MAX VAL	100.00	51.50	56.00	17.00	14.30
MIN VAL	25.00	0.00	0.00	0.00	0.00

The relationship between each of the sources of funds as a percentage of the total and the total funds reported by each state are described in Table 4. While caution is advised in the interpretation of these findings due to missing data and incomplete reporting, several observations can be made. The greatest correlation (−.37) was found between percentage contribution of student fees to total funds available where total funds explained 14 percent of the variance in student fees. The negative relationship indicated that as total funds increased, the percentage of student fees decreased. Although the magnitude of the other relationships for percentage of federal (−.22) and state (−.15) were less, they were also negatively directed. The relationship between percentage contribution from local sources to total funds available was the lone positively directed relationship. However, the low, insignificant correlation (0.08) explains less than 1 percent of the variance in total funds. In other words, increases in student fees did not result in increases in total revenue; only increases in the level of local support positively correlated with revenue.

TABLE 4
CORRELATIONAL ANALYSIS FOR SOURCES OF FUNDS BY PERCENTAGE COMPARED WITH TOTAL DOLLARS AVAILABLE

	Covariance	Correlation	R squared
% STATE	−973955785.17	−.15	.02
% LOCAL	571785682.55	.08	.01
% STUDENT FEES	−1.3E9	−.37	.14
% FEDERAL	−200685942.12	−.22	.05
% OTHER	−44267687.83	−.03	0.00073

State appropriations for educational systems are shown in Table 5. Expenditures are listed in the following categories: public schools, vocational schools, community colleges, and other higher education. California heads the list in dollars expended on community colleges, with over $1.28 billion or 7 percent of the total state expenditure on education. As a percentage of total education expenditures spent on community colleges, Florida is first, with 8.57 percent, North Carolina is second (8.27 percent), and West Virginia is last (1.08 percent). The average of the percentages reported for community colleges is 4.95 percent.

Table 6 indicates the sources for state funds, a major funding source for a majority of the respondents. Sales and income taxes remain the primary sources of state funds. Only 10 states report use of the property tax as a source of revenue for the state's general fund. In 1985–86, only two states indicated that income was derived from a state lottery and used to fund community colleges. However, 15 states currently identify lottery money as a source of funding for the general operating expenditures of community colleges.

Those states that allocated funds based on the cost of programs are identified in Table 7. Seventeen states (45 percent) reported at least partial funding based on program costs, while 21 states (55 percent) indicated that this is not a factor in the allocation process. One state, Oregon, indicated that it was considering a change to a program-cost basis.

Several states reported changes in the method of financing community colleges since FY 1986. These changes are reported in Table 8. At the state level, changes occur in the use of one of the following categories:

- General purpose grants/appropriations
- Restricted purpose grants/appropriations
- Funding formulae

As indicated in Table 8, eight states began using formula-based funding plans since FY 1986. One state started using state general funds to support community college operations, and one state began using restricted funds for support.

Local changes could have occurred as a result of increases in tax rates or changes in tuition and student fees structures and policies. Four states indicated changes to their tuition and fee policies as a source of support; the most frequently cited difference reflects changes in funding formulae. No state reported a change to local-level taxing authority as a source of revenue for the community colleges.

The question of funding sources for non-credit courses continues to be a highly volatile issue. A cursory review of current literature reveals the division between states that assist in the financing of non-credit certificate and life-long learning courses, and those that do not. In general, little support exists for state assistance for non-credit recreation/leisure courses. (Gleazer, 1980; Martorana and Wattenbarger, 1978; Wattenbarger, 1985). This trend is supported by the findings of this report.

Table 9 displays survey data on how states currently finance non-credit courses in certificate programs, life-long learning, recreation/leisure, and job training. The count at the bottom of the table refers to the number of states that received at least some funds from a particular source. "Percentage of respondents" refers to the percentage of states that receive funds from that source out of all the states that responded to the question about that particular type of course. The overall trend continues to indicate a student-fee basis for supporting non-credit programs. State funds support certificate programs in 11 states, life-long learning programs in eight states, recreation/leisure programs in four states, and job training

programs in six states. Two states report atypical funding of non-credit job training courses. Hawaii and Nevada fund non-credit job training courses at 100 percent while all other non-credit courses are funded entirely by the student fees.

As shown in Table 10, the states are almost evenly split on the issue of whether to adopt funding procedures other than the traditional student-enrollment-driven formulae. Seventeen states currently use or are developing a funding mechanism that is not enrollment-driven.

The percentage of total state funds that are categorical or limited-use is shown by state in Table 11. Traditionally, these funds have supported economic development or vocational programs. While the use of categorical funds since 1985–86 has remained stable (six states reported an increase in the use of such funding categories and five states reported decreases), the magnitude of the percentage increases is greater than that of the states that reported decreases. For example, Florida went from 2 percent in 1985–86 to 12 percent in 1988–89, and Kentucky went from 0.1 percent to between 10 and 15 percent in the same period, whereas Connecticut went from 100 percent to 98 percent and Mississippi went from 14 percent to 5 percent, the largest decrease.

In addition, these funds are increasingly also being specified for equipment needs. Only three states indicated the use of categorical monies for equipment in 1985–86, as opposed to seven states in 1988–89.

Capital outlay totals and the source of those funds for 1988–89 are shown in Table 12. Most states report a majority of capital outlay funds as being derived from some combination of state taxes and bonds. Arkansas, Oregon, Illinois, and Wisconsin are the most notable exceptions. These states indicated local taxes and general obligation bonds as the predominant source of capital outlay monies.

There is an increasing dependence on local tax revenues in support of community colleges. Table 13 indicates where these local taxes originate. Property tax continues to be the predominant source of local revenue for community colleges, with 58 percent of the respondents indicating the use of this tax mechanism.

TABLE 5
STATE APPROPRIATIONS FOR ALL EDUCATION—1988/89

State	Pub. Schools K-12	Vocational Schools
Alabama	$1,715,421,044	$42,453,654
Alaska*		
Arizona	$1,072,819,100	
Arkansas		
California	$13,291,941,000	
Colorado*		
Connecticut	$648,206,352	$18,304,391
Delaware*		
Florida	$4,236,213,104	$18,581,887
Georgia	$2,342,645,140	$102,356,167
Hawaii		
Idaho*		
Illinois	$3,315,650,000	
Indiana	$1,540,864,000	part of K-12
Iowa	$913,400,000	
Kansas*		
Kentucky	$1,459,358,500	$85,472,900
Louisiana	not available	
Maine*		
Maryland	$1,831,379,579	$12,155,658
Massachusetts	$1,651,218,036	
Michigan	$2,414,030,950	
Minnesota	$1,503,939,506	$156,777,800
Mississippi	$769,879,066	$45,619,898
Missouri*		
Montana*		
Nebraska*		
Nevada	$230,255,128	
New Hampshire		
New Jersey		
New Mexico	$802,700,000	$18,800,000
New York (SUNY)**		
North Carolina	$2,508,572,144	
North Dakota*		
Ohio*		
Oklahoma	$840,700,000	$62,000,000

Table 5—Continued

State	Community Colleges	Other Higher Education	CC Percent of Total
Alabama	$86,035,051	$536,192,869	3.61%
Alaska*			
Arizona	$69,842,400	$431,857,600	4.44%
Arkansas	$23,392,412	$277,363,527	7.78%
California	$1,280,334,000	$3,623,502,000	7.04%
Colorado*			
Connecticut	$62,317,716	$327,164,538	5.90%
Delaware*			
Florida	$501,089,154	$1,088,606,730	8.57%
Georgia	$66,099,290	$736,949,518	2.04%
Hawaii	$45,984,851		
Idaho*			
Illinois	$187,767,731	$1,559,479,269	3.71%
Indiana	$97,513,795	$732,584,243	4.11%
Iowa	$66,900,000	$390,000,000	4.88%
Kansas*			
Kentucky	$43,359,100	$535,136,100	2.04%
Louisiana	$18,900,000	$464,000,000	
Maine*			
Maryland	$105,835,286	$570,306,957	4.20%
Massachusetts	$152,468,000	$607,490,000	6.32%
Michigan	$201,361,000	$1,051,750,081	5.49%
Minnesota	$69,774,400	$617,091,300	2.97%
Mississippi	$68,399,831	$266,238,720	5.95%
Missouri*			
Montana*			
Nebraska*			
Nevada	$23,522,000	$98,403,463	6.68%
New Hampshire	$17,505,078		
New Jersey	$109,586,000	$856,974,603	
New Mexico	$24,000,000	$229,500,000	2.23%
New York (SUNY)**			
North Carolina	$310,769,471	$937,225,768	8.27%
North Dakota*			
Ohio*			
Oklahoma	$65,600,000	$349,600,000	4.98%

TABLE 5—Continued

State	Pub. Schools K-12	Vocational Schools
Oregon	$1,023,535,000	
Pennsylvania	$4,039,419,000	$37,221,000
Rhode Island		
South Carolina		
South Dakota*		
Tennessee**		
Texas	$5,067,718,879	$43,165,994
Utah*		
Vermont		
Virginia	$2,013,232,361	
Washington	$2,550,000,000	$38,500,000
West Virginia	$745,065,000	$13,135,000
Wisconsin	$1,558,227,200	$93,538,900
Wyoming		
Puerto Rico	$1,002,637,361	part of K-12

* DID NOT PARTICIPATE
** DID NOT REPORT

Table 5—Continued

State	Community Colleges	Other Higher Education	CC Percent of Total
Oregon	$124,227,500	$550,854,700	7.31%
Pennsylvania	$113,350,000	$868,634,000	2.24%
Rhode Island	$28,787,000	$104,470,000	
South Carolina	$94,523,249		
South Dakota*			
Tennessee**			
Texas	$413,583,781	$1,829,536,320	5.62%
Utah*			
Vermont	$1,306,770		
Virginia	$202,099,527	$1,141,477,202	6.02%
Washington	$265,500,000	$540,900,000	7.82%
West Virginia	$10,538,000	$204,780,000	1.08%
Wisconsin		$629,931,500	
Wyoming	$35,338,273		
Puerto Rico	$43,945,924	$751,954,659	2.44%
		Average	4.95%

* DID NOT PARTICIPATE
** DID NOT REPORT

TABLE 6
SOURCES OF STATE FUNDS
FOR GENERAL OPERATING EXPENDITURES

State	Sales	Income	Property	Excise	Lottery	Other
Alabama	X	X				Utility tax
Alaska*						
Arizona	X	X	X	X		
Arkansas	X	X	X	X		
California			X		X	X[1]
Colorado*						
Connecticut	X		X	X	X	Bond funds
Delaware*						
Florida	X				X	
Georgia	X	X	X	X		
Hawaii	X	X				
Idaho*						
Illinois	X	X				
Indiana	X	X		X	X	
Iowa	X	X			X[2]	
Kansas*						
Kentucky	X	X	X			
Louisiana	X	X	X	X		
Maine*						
Maryland**						
Massachusetts**						
Michigan	X	X		X	X	
Minnesota		X				
Mississippi	X	X		X		
Missouri*						
Montana*						
Nebraska*						
Nevada	X					
New Hampshire				X	X	X[3]
New Jersey	X	X		X	X	
New Mexico	X	X		X		Severance tax
New York (SUNY)	X	X	X	X	X	
North Carolina	X	X				
North Dakota*						
Ohio*						
Oklahoma**						
Oregon					X[4]	

TABLE 6—Continued

State	Sales	Income	Property	Excise	Lottery	Other
Pennsylvania	X	X				X[5]
Rhode Island	X	X		X	X	
South Carolina**						
South Dakota*						
Tennessee	X		X			
Texas	X			X		
Utah*						
Vermont**						
Virginia	X	X		X	X	
Washington	X			X	X	
West Virginia	X	X		X	X	
Wisconsin		X				
Wyoming**						
Puerto Rico	X	X	X	X	X	
Count	27	23	10	18	15	6
% of Total Respondents	84.44	71.87	31.25	56.25	46.87	18.75

* DID NOT PARTICIPATE
** DID NOT RESPOND

[1]California receives federal mining subsidies.
[2]Iowa uses a lottery to fund equipment purchases.
[3]New Hampshire taxes business profits.
[4]Oregon occasionally uses a lottery to fund general operating expenditures.
[5]Pennsylvania uses a corporate income tax.

TABLE 7
FUNDS ALLOCATED ON THE BASIS OF PROGRAM COSTS

State	Program Costs Used in Allocation Process
Alabama	Yes—For allied health programs
Alaska*	
Arizona	No
Arkansas	Yes
California	No
Colorado*	
Connecticut	Yes
Delaware*	
Florida	Yes
Georgia	No
Hawaii	No
Idaho*	
Illinois	Yes
Indiana	Yes
Iowa	No
Kansas*	
Kentucky	No
Louisiana	No
Maine*	
Maryland	No
Massachusetts	Yes
Michigan	Yes—Funding based on contact hours
Minnesota	Yes
Mississippi	No
Missouri*	
Montana*	
Nebraska*	
Nevada	Yes
New Hampshire	No
New Jersey	No
New Mexico	Yes—Differential funding based on student contact hours production by major program categories
New York (SUNY)	No
North Carolina	No
North Dakota*	
Ohio*	
Oklahoma	Yes
Oregon	No—However, this is being discussed as a possibility

TABLE 7—Continued

State	Program Costs Used in Allocation Process
Pennsylvania	No
Rhode Island	No
South Carolina	No
South Dakota*	
Tennessee	Yes
Texas	Yes
Utah*	
Vermont	No
Virginia	Yes
Washington	Yes
West Virginia	No
Wisconsin	Yes
Wyoming	No
Puerto Rico	No
Percentages	Yes 45% No 55%

* DID NOT PARTICIPATE

TABLE 8
STATES WITH REPORTED CHANGES IN SUPPORT MECHANISMS SINCE FY 1986

State	State Support: General Purpose Funds	State Support: Restricted Purpose Funds	Funding Formulae	Local Support: Tax Rates	Tuition and Fees
Alabama			X		
Alaska*					
Arizona					
Arkansas					
California			X		
Colorado*					
Connecticut					
Delaware*					
Florida					
Georgia					
Hawaii					
Idaho*					
Illinois					
Indiana					
Iowa			X		
Kansas*					
Kentucky					X
Louisiana					
Maine*					
Maryland					
Massachusetts					
Michigan					
Minnesota			X		
Mississippi					
Missouri*					
Montana*					
Nebraska*					
Nevada			X		
New Hampshire					
New Jersey			X		
New Mexico					X
New York (SUNY)**					
North Carolina					X
North Dakota*					
Ohio*					
Oklahoma					

TABLE 8—Continued

State	General Purpose Funds	State Support Restricted Purpose Funds	Funding Formulae	Local Support Tax Rates	Tuition and Fees
Oregon		X	X		
Pennsylvania			X		
Rhode Island					
South Carolina					
South Dakota*					
Tennessee**					
Texas					
Utah*					
Vermont					
Virginia					
Washington	X				
West Virginia					
Wisconsin					
Wyoming					X
Puerto Rico					
Count	1	1	8	0	4

* DID NOT PARTICIPATE
** DID NOT REPORT

TABLE 9
SOURCES OF FUNDING FOR NON-CREDIT COURSES

	Certificate Programs			Life-Long Learning		
State	% State	% Local	% Student	% State	% Local	% Student
Alabama	0	0	100	0	0	100
Alaska*						
Arizona	0	0	100	0	0	100
Arkansas				0	0	100
California	65	35	0	0	10	90
Colorado*						
Connecticut	5	0	95	1	0	99
Delaware*						
Florida**						
Georgia	0	0	100	0	0	100
Hawaii	0	0	100	0	0	100
Idaho*						
Illinois	0	0	100	0	0	100
Indiana	66	0	34	66	0	34
Iowa**						
Kansas*						
Kentucky	0	0	100	0	0	100
Louisiana**						
Maine*						
Maryland	33.3	33.3	33.3	33.3	33.3	33.3
Massachusetts**						
Michigan**						
Minnesota	47	0	53	47	0	53
Mississippi	0	0	100	0	0	100
Missouri*						
Montana*						
Nebraska*						
Nevada	0	0	100	0	0	100
New Hampshire	0	0	100	0	0	100
New Jersey**						
New Mexico**						
New York (SUNY)	33.2	32.6	27.4	33.2	32.6	27.4
North Carolina	100	0	0	100	0	0
North Dakota*						
Ohio*						
Oklahoma**						

TABLE 9—Continued

State	Recreation/Leisure			Job Training		
	% State	% Local	% Student	% State	% Local	% Student
Alabama	0	0	100	0	0	100
Alaska*						
Arizona	0	0	100			
Arkansas	0	0	100			
California	0	5	95			
Colorado*						
Connecticut	1	0	99	40	0	60
Delaware*						
Florida**						
Georgia	0	0	100	0	0	100
Hawaii	0	0	100	100	0	0
Idaho*						
Illinois	0	0	100	0	0	100
Indiana	66	0	34	66	0	34
Iowa**						
Kansas*						
Kentucky	0	0	100			
Louisiana**						
Maine*						
Maryland						
Massachusetts**						
Michigan**						
Minnesota	0	0	100			
Mississippi	0	0	100			
Missouri*						
Montana*						
Nebraska*						
Nevada	0	0	100	100	0	0
New Hampshire	0	0	100	0	0	100
New Jersey**						
New Mexico**						
New York (SUNY)	0	50	50	0	0	100
North Carolina	0	0	100			
North Dakota*						
Ohio*						
Oklahoma**						

TABLE 9—Continued

State	Certificate Programs			Life-Long Learning		
	% State	% Local	% Student	% State	% Local	% Student
Oregon	30	50	20	30	50	20
Pennsylvania	33.3	33.3	33.3	33.3	33.3	33.3
Rhode Island	0	0	100	0	0	100
South Carolina	0	0	100	0	0	100
South Dakota*						
Tennessee	0	0	100	0	0	100
Texas	V	V	V	0	50	50
Utah*						
Vermont	0	0	100	0	0	100
Virginia	0	0	100	0	0	100
Washington	85	0	15	0	0	100
West Virginia	0	0	100	0	0	100
Wisconsin**						
Wyoming	0	0	100	0	0	100
Puerto Rico	0	0	100	0	0	100
Number of respondents with some funding	11	6	26	8	6	28
Percentage of respondents	39%	21%	93%	28%	21%	97%

* DID NOT PARTICIPATE
** DID NOT REPORT
V Percentages vary

TABLE 9—Continued

State	Recreation/Leisure			Job Training		
	% State	% Local	% Student	% State	% Local	% Student
Oregon	V	V	V	30	50	20
Pennsylvania	33.3	33.3	33.3	33.3	33.3	33.3
Rhode Island				0	0	100
South Carolina	0	0	100	0	0	100
South Dakota*						
Tennessee	0	0	100	0	0	100
Texas	0	50	50	0	50	50
Utah*						
Vermont	0	0	100	0	0	100
Virginia	0	0	100	0	0	100
Washington	0	0	100			
West Virginia	0	0	100	0	0	100
Wisconsin**						
Wyoming	0	0	100	0	0	100
Puerto Rico	0	0	100	0	0	100
Number of respondents with some funding	4	5	27	6	3	18
Percentage of respondents	15%	19%	100%	30%	15%	90%

* DID NOT PARTICIPATE
** DID NOT REPORT
V Percentages vary

TABLE 10
FUNDING FOR OPERATIONS BY OTHER THAN ENROLLMENT CALCULATIONS

State	No	Yes	Basis for Support
Alabama		X	Developing formula similiar to Oregon's
Alaska*			
Arizona	X		
Arkansas		X	Building maintenance not enrollment-driven
California		X	
Colorado*			
Connecticut		X	
Delaware*			
Florida		X	
Georgia	X		
Hawaii		X	
Idaho*			
Illinois	X		
Indiana		X	
Iowa	X		
Kansas*			
Kentucky		X	Based on credit hr. enrollment by CIP discipline
Louisiana		X	Developing a peer analysis formula
Maine*			
Maryland		X	
Massachusetts		X	
Michigan	X		
Minnesota	X		
Mississippi	X		
Missouri*			
Montana*			
Nebraska*			
Nevada	X		
New Hampshire	X		
New Jersey	X		
New Mexico		X	Based on a workload formula
New York (SUNY)	X		
North Carolina	X		
North Dakota*			
Ohio*			
Oklahoma		X	Still in development stage

TABLE 10—Continued

State	No	Yes	Basis for Support
Oregon		X	Still in development stage
Pennsylvania	X		
Rhode Island	X		
South Carolina	X		
South Dakota*			
Tennessee		X	Performance funding
Texas	X		
Utah*			
Vermont		X	Based on previous budget + inflation factor + adjustments for special projects
Virginia	X		
Washington	X		
West Virginia	X		
Wisconsin		X	Expenditure-driven formula
Wyoming	X		
Puerto Rico**			

* DID NOT PARTICIPATE
** DID NOT REPORT

TABLE 11
PERCENTAGE OF TOTAL STATE FUNDS IN SUPPORT OF CATEGORICAL PROGRAMS

State	Percent Categorical	Categorically Supported Programs
Alabama	2.16	Prison education; library enhancement; high tech equipment
Alaska*		
Arizona	0	
Arkansas	0	
California	7.25	Transfer centers; educational opportunity services; disabled student services; firefighter education
Colorado*		
Connecticut	98	Personal services; other expenses; equipment
Delaware*		
Florida	12	Instructional equipment; deferred maintenance; library automation; learning resource centers and literacy programs
Georgia**		
Hawaii	0	
Idaho*		
Illinois	6.8	Disadvantaged student grants; economic development grants; advanced technology grants
Indiana**		
Iowa	1.39	Miscellaneous services
Kansas*		
Kentucky	10–15	Debt service
Louisiana**		
Maine*		
Maryland**		
Massachusetts**		
Michigan		Construction and renovation; job training centers; investment fund; instructional equipment; facility repair and replacement
Minnesota	3.1	Associate degree in nursing educational support
Mississippi	5	
Missouri*		
Montana*		

TABLE 11—Continued

State	Percent Categorical	Categorically Supported Programs
Nebraska*		
Nevada**		
New Hampshire**		
New Jersey	22	Challenge grants; debt service; high tech programs; minor capital improvements; fringe benefits
New Mexico**		
New York (SUNY)**		
North Carolina	14	Equipment; library books; new industries training; human resource development; small business grants; staff development
North Dakota*		
Ohio*		
Oklahoma**		
Oregon	12	Job training targeted to specific industries or companies
Pennsylvania**		
Rhode Island		$180,000 in '89–90, targeted for fixed asset protection projects
South Carolina	9	Industrial and innovation job retraining; equipment
South Dakota*		
Tennessee**		
Texas**		
Utah*		
Vermont	1	Library books
Virginia**		
Washington	1	Equipment; assessment
West Virginia**		
Wisconsin	3	Basic skills programs; emerging occupational programs
Wyoming**		
Puerto Rico	14	Capital improvement projects

* DID NOT PARTICIPATE
** DID NOT REPORT

TABLE 12
SOURCES OF FUNDS FOR CAPITAL OUTLAY—1988

State	Total Amount Available	Local Taxes/Bonds	State Taxes/Bonds	Other $
Alabama	$15,674,317		$8,607,591	$3,917,342
Alaska*				
Arizona	$47,988,798	$14,452,542	$12,973,413	
Arkansas	$2,796,644	$2,796,644		
California	$89,429,000		$89,429,000	
Colorado*				
Connecticut	$4,272,572		$4,272,574	
Delaware*				
Florida	$89,619,256		$89,619,256	
Georgia	$4,244,556		$2,943,384	$1,301,172
Hawaii	$3,140,000		$3,140,000	
Idaho*				
Illinois	$36,856,501	$31,738,101	$5,118,400	
Indiana	$6,599,009			
Iowa	$10,819,629			$5,195,902
Kansas*				
Kentucky				
Louisiana**				
Maine*				
Maryland			$4,200,000	
Massachusetts	$3,256,980		$3,256,980	
Michigan	$198,752,300		$6,000,000	
Minnesota	$370,972,200		$34,960,000	
Mississippi	$11,360,000			
Missouri*				
Montana*				
Nebraska*				
Nevada	$2,200,000		$2,200,000	
New Hampshire			$737,468	
New Jersey	$1,000,000		$1,000,000	
New Mexico			$5,200,000	
New York (SUNY)**				
North Carolina	$51,335,999	$25,447,874	$25,888,125	
North Dakota*				
Ohio*				
Oklahoma	$1,048,000			
Oregon	$11,909,773	$8,298,730	$3,611,043	

TABLE 12—Continued

State	Total Amount Available	Local Taxes/Bonds	State Taxes/Bonds	Other $
Pennsylvania			$24,019,500	
Rhode Island	$1,072,128			
South Carolina	$7,902,918			
South Dakota*				
Tennessee**				
Texas**				
Utah*				
Vermont**				
Virginia	$20,000,000	$5,000,000	$15,000,000	
Washington	$65,000,000			
West Virginia	$501,000			
Wisconsin	$30,569,842	$23,442,620	$6,892,130	$235,092
Wyoming	$2,150,000			
Puerto Rico	$10,238,600		$10,238,600	

* DID NOT PARTICIPATE

** DID NOT REPORT

TABLE 13
SOURCES OF LOCAL TAX REVENUE IN SUPPORT OF COMMUNITY COLLEGES

State	None	Property Tax	Excise Tax	Other Taxes
Alabama	X			
Alaska*				
Arizona		X		
Arkansas		X		
California		X		
Colorado*				
Connecticut	X			
Delaware*				
Florida	X			
Georgia	X			
Hawaii**				
Idaho*				
Illinois		X		
Indiana	X			
Iowa		X		
Kansas*				
Kentucky	X			
Louisiana**				
Maine*				
Maryland	X			
Massachusetts	X			
Michigan		X		
Minnesota	X			
Mississippi		X		
Missouri*				
Montana*				
Nebraska*				
Nevada	X			
New Hampshire**				
New Jersey		X		
New Mexico		X		
New York (SUNY)		X	X	
North Carolina		X		
North Dakota*				
Ohio*				
Oklahoma		X		
Oregon		X		

TABLE 13—Continued

State	None	Property Tax	Excise Tax	Other Taxes
Pennsylvania		X		X
Rhode Island	X			
South Carolina		X		
South Dakota*				
Tennessee	X			
Texas		X		
Utah*				
Vermont**				
Virginia		X		
Washington		X		
West Virginia	X			
Wisconsin		X		
Wyoming		X		
Puerto Rico				X
Count	13	20	1	2
% of Total Reporting	38	58	3	6

* DID NOT PARTICIPATE
** DID NOT REPORT

PART II

EXPENDITURES FOR THE COMMUNITY COLLEGE

Data on mean expenditures per full-time equivalent (FTE) student and comparable data for 1985 are shown in Table 14. Unduplicated full-time (FT) and part-time (PT) headcount as well as annual full-time equivalent student enrollment figures are listed. Only Arkansas, Connecticut, Mississippi, and Wyoming report spending less per FTE student than they did in 1985–86. New Jersey (28 percent) and Indiana (23 percent) reported the largest increases in expenditure per FTE. There was an 8.55 percent overall increase in the expenditures for credit programs. It is interesting to note that Alabama is the only state reporting more FT students than PT.

States in rank order by expenditure per FTE enrollment are listed in Table 15. The average expenditure was $3,886, with New Hampshire reporting the highest expenditure ($6,827) and Vermont the lowest ($2,706). The five states with the largest annual FT equivalent enrollment are California, Texas, Illinois, Florida, and New York-SUNY. The top five states in expenditure per pupil were New Hampshire, Wisconsin, Georgia, Alabama, and New York-SUNY.

TABLE 14
EXPENDITURES FOR CREDIT PROGRAMS—1988

State	$ per FTE 1988	$ per FTE 1985	% Change	Unduplicated Headcount		Annual FTE
				Full-Time	Part-Time	
Alabama	$5,370	$4,458	20	28,973	25,100	40,162
Alaska*						
Arizona	$3,624	$3,454	5	25,754	111,414	57,281
Arkansas	$3,835	$5,092	– 25	4,808	5,726	7,180
California	$3,051	$3,007	1	275,347	989,062	675,613
Colorado*		$3,202				
Connecticut	$4,148	$4,511	– 8	6,521	23,659	13,356
Delaware*		$3,814				
Florida	$3,987	$3,620	10	866,168		145,009
Georgia	$5,519					16,601
Hawaii**						
Idaho*		$5,821				
Illinois	$3,586	$2,744	31	148,166	497,939	180,003
Indiana	$4,103	$3,332	23	14,995	22,565	22,067
Iowa	$3,003	$2,633	14	38,260	505,172	57,111
Kansas*		$4,072				
Kentucky	$3,090			12,596	17,180	16,478
Louisiana		$3,349				9,713
Maine*						
Maryland	$3,341	$2,855	17			70,706
Massachusetts	$3,910			41,775		32,718
Michigan	$3,881	$3,461	12	55,069	160,015	114,538
Minnesota	$3,827	$3,700	3		67,550	27,592
Mississippi	$2,848	$2,998	– 5			46,944
Missouri*		$4,218				
Montana*		$3,553				
Nebraska*		$3,532				
Nevada	$3,171	$2,912	9		26,155	8,364
New Hampshire	$6,827				2,751	
New Jersey	$4,799	$3,756	28			65,058
New Mexico	$3,785					10,674
New York (SUNY)	$4,858	$4,258	14	80,630	150,835	127,114
North Carolina		$2,172				85,448
North Dakota*						
Ohio*		$5,041				
Oklahoma	$3,020					29,999

TABLE 14—Continued

State	$ per FTE 1988	$ per FTE 1985	% Change	Unduplicated Headcount Full-Time	Unduplicated Headcount Part-Time	Annual FTE
Oregon	$4,020	$3,421	18		280,708	52,850
Pennsylvania	$2,907					76,815
Rhode Island	$4,655	$4,135	13	4,174	8,933	7,681
South Carolina	$3,249	$3,003	8	34,516		25,652
South Dakota*						
Tennessee**		$4,740				
Texas	$3,362					235,862
Utah*		$5,063				
Vermont	$2,706			150	5,369	1,325
Virginia	$3,735	$3,604	4			58,080
Washington	$3,029	$2,932	3	64,781	68,057	84,304
West Virginia	$3,059	$2,894	6			5,014
Wisconsin	$5,813	$5,097	14			55,451
Wyoming	$4,725	$5,267	−10			
Puerto Rico	$3,307					12,368
Average	$3,887	$3,770	8.55%	100,158	164,899	72,798

* DID NOT PARTICIPATE

** DID NOT RESPOND

TABLE 15
EXPENDITURES PER FTE, FTE, AND PERCENT CHANGE—
1988 AND 1985, AND RANK BY EXPENDITURE—1988

Rank 1988	State	Expenditure per FTE	Annual FTE 1988	Annual FTE 1985	% Change
1	New Hampshire	$6,827.00			
2	Wisconsin	$5,813.00	55,452	51,349	7.99
3	Georgia	$5,519.00	16,601	13,447	23.46
4	Alabama	$5,370.00	40,162	44,978	-10.71
5	New York (SUNY)	$4,858.00	127,114	126,074	0.82
6	New Jersey	$4,799.00	65,058	66,025	-1.46
7	Wyoming	$4,725.00		10,217	
8	Rhode Island	$4,655.00	7,681	6,520	17.81
9	Connecticut	$4,148.00	13,356	2,978	348.49
10	Indiana	$4,103.00	22,067	23,293	-5.26
11	Oregon	$4,020.00	52,850	48,268	9.49
12	Florida	$3,987.52	145,009	132,833	9.17
13	Massachusetts	$3,910.00		32,718	
14	Michigan	$3,881.00	114,538	109,925	4.20
15	Arkansas	$3,834.55	7,180	6,418	11.87
16	Minnesota	$3,827.00	27,592	24,237	13.84
17	New Mexico	$3,785.00	10,674	7,127	49.77
18	Virginia	$3,735.00	58,080	51,380	13.04
19	Arizona	$3,624.00	57,281	50,101	14.33
20	Illinois	$3,586.00	180,003	181,687	-0.93
21	Texas	$3,362.00	235,862		
22	Maryland	$3,341.00	70,706		
23	Puerto Rico	$3,307.00	12,369		
24	South Carolina	$3,249.00	25,652	27,600	-7.06
25	Nevada	$3,171.00	8,364	7,366	13.55
26	Kentucky	$3,090.00	16,478		
27	West Virginia	$3,059.00	5,014	4,783	4.83
28	California	$3,051.00	675,613	659,499	2.44
29	Washington	$3,029.00	84,304	83,555	0.90
30	Oklahoma	$3,020.00	29,999		
31	Iowa	$3,003.00	57,111	52,247	9.31
32	Pennsylvania	$2,907.00	76,815	74,245	3.46
33	Mississippi	$2,848.00	46,944	41,907	12.02
34	Vermont	$2,706.00	1,325		
	Alaska*				
	Colorado*			19,600	

TABLE 15—Continued

Rank 1988	State	Expenditure per FTE	Annual FTE 1988	Annual FTE 1985	% Change
	Delaware*			5,951	
	Hawaii**			2,580	
	Idaho*				
	Kansas*				
	Louisiana		9,713	4,996	94.42
	Maine*				
	Missouri*			28,241	
	Montana*			1,823	
	Nebraska*			17,027	
	North Carolina		85,448	88,903	-3.89
	North Dakota*				
	Ohio*			31,759	
	South Dakota*				
	Tennessee**			76,409	
	Utah*			13,342	
	Average	$38,342.39	45,771	59,424	22.51
	Maximum	$675,613.00	675,613	659,499	348.49
	Minimum	$1,325.00	1,325	0	-10.71

* DID NOT PARTICIPATE

** DID NOT RESPOND

PART III

ADDITIONAL INFORMATION ON THE FINANCIAL SUPPORT OF COMMUNITY COLLEGES

Student tuition is a sensitive topic for community colleges, given their historical commitment to accessible, low-cost education for all students (Vaughan, 1984). Table 16 displays the tuition and fee percentage increases since 1985–86 by state. Percentage increases are shown for in-district, in-state, and out-of-state students. Sixteen states reported increases in in-district tuition for the period. New Mexico (30 percent) and Wisconsin (29 percent) posted the greatest increases. Twenty-nine states reported increases in in-state tuition, and 26 states indicated increases in out-of-state tuition. Seven states reported an increase of at least 20 percent for in-district or in-state students, which is down slightly from the 10 states reporting such an increase in the 1985–86 survey. Texas reported the largest percentage increase for in-state students, at 52 percent, while North Carolina reported a 175 percent increase in out-of-state tuition, the largest gain in any category. Minnesota actually decreased out-of-state tuition 21 percent, and Virginia decreased in-state tuition by 4.5 percent.

Survey results displayed in Table 17 show the percentage changes in student financial aid since 1985–88. While most states reported an increase in student financial aid, there are notable exceptions. Connecticut indicated a 52 percent decrease in federal financial aid and a 73 percent increase in state financial aid. New Jersey and Maryland also reported a significant decrease in federal financial aid. Only Alabama reported a significant increase in federal support for financial aid (141 percent).

Community colleges face a variety of critical financing problems. Table 18 lists state responses to the survey query on the most critical problems. Frequently cited problems continue to include chronic underfunding, inadequate faculty salaries, and limited state resources. New issues noted by several respondents included capital outlay and construction needs, the need for funds for minority student support, and problems with the property tax and sales tax base used to support operating expenses. It is interesting to note that no respondents indicated they were experiencing enrollment problems.

TABLE 16
TUITION AND FEE INCREASES (AS PERCENTAGES)
SINCE 1985

State	In-District	In-State	Out-of-State
Alabama**			
Alaska*			
Arizona	18.00	3.00	23.00
Arkansas	7.00	6.00	6.00
California**			
Colorado*			
Connecticut	21.00	20.50	20.40
Delaware*			
Florida		22.50	14.90
Georgia**			
Hawaii**			
Idaho*			
Illinois	10.30	11.60	12.70
Indiana		12.60	12.60
Iowa		11.52	50.99
Kansas*			
Kentucky		24.80	49.60
Louisiana**			
Maine*			
Maryland	10.00	11.00	14.00
Massachusetts	less than 1.0	less than 1.0	less than 1.0
Michigan	5.11	4.95	4.95
Minnesota		5.80	– 21.00
Mississippi	18.20	14.20	11.40
Missouri*			
Montana*			
Nebraska*			
Nevada		13.70	
New Hampshire		4.00	3.00
New Jersey	13.90		
New Mexico	30.00	30.00	30.00
New York (SUNY)**			
North Carolina		47.00	175.00
North Dakota*			
Ohio*			
Oklahoma	1.26	1.26	1.26
Oregon	6.80	5.00	9.00

TABLE 16—Continued

State	In District	In State	Out of State
Pennsylvania	15.60	15.60	14.10
Rhode Island		13.90	13.70
South Carolina	12.50	12.00	15.00
South Dakota*			
Tennessee		6.00	
Texas	13.30	52.10	39.70
Utah*			
Vermont	7.00	7.00	7.00
Virginia		−4.50	7.80
Washington		8.60	8.40
West Virginia		8.70	5.20
Wisconsin	29.00	32.00	95.00
Wyoming		5.00	5.00
Puerto Rico**			
Number of increases reported	16	29	27
Average increase	13.70	13.50	22.50

* DID NOT PARTICIPATE
** DID NOT REPORT

TABLE 17
PERCENTAGE CHANGES IN SOURCES OF FINANCIAL AID SINCE 1985

State	Federal	State	Private Foundations	Institutional Funds
Alabama	141.00	4.00	1.00	28.00
Alaska*				
Arizona**				
Arkansas**				
California**				
Colorado*				
Connecticut	-52.00	73.00		
Delaware*				
Florida**				
Georgia**				
Hawaii**				
Idaho*				
Illinois	12.60	-5.10	113.50	17.10
Indiana		27.00		28.00
Iowa	11.00	-9.00	-9.00	13.00
Kansas*				
Kentucky	10.28	4.91	4.04	
Louisiana**				
Maine*				
Maryland	-16.00	-2.00	-60.00	5.00
Massachusetts**				
Michigan		1.00		
Minnesota	21.00	21.00	33.00	
Mississippi**				
Missouri*				
Montana*				
Nebraska*				
Nevada	-3.40	72.00		
New Hampshire	16.00	40.00		22.00
New Jersey	-27.00	9.00		8.00
New Mexico**				
New York (SUNY)	7.00	12.00		
North Carolina**				
North Dakota*				
Ohio*				
Oklahoma**				

TABLE 17—Continued

State	Federal	State	Private Foundations	Institutional Funds
Oregon**				
Pennsylvania**				
Rhode Island	5.70	6.50		
South Carolina	0.16			6.18
South Dakota*				
Tennessee**				
Texas**				
Utah*				
Vermont		15.00	2.00	
Virginia	−9.60			
Washington**				
West Virginia	20.00			20.00
Wisconsin	5.70			1.70
Wyoming**				
Puerto Rico	0.89	3.30		16.00
Average	8.43	17.04	12.08	15.00

* DID NOT PARTICIPATE
** DID NOT REPORT

TABLE 18
CRITICAL PROBLEMS REPORTED BY RESPONDENTS

State	Reported Problems
Alabama	Insufficient funding to match annual expenditure levels
Alaska*	
Arizona**	
Arkansas	Total support is inadequate; faculty salaries
California	Construction spending limits; deferred maintenance; capital outlay program; overall funding level
Colorado*	
Connecticut	Decrease in federal dollars; budgetary restraints
Delaware*	
Florida	Health costs; equipment replacement; faculty salaries
Georgia**	
Hawaii**	
Idaho*	
Illinois**	
Indiana**	
Iowa**	
Kansas*	
Kentucky	Significant growth and chronic underfunding
Louisiana**	
Maine*	
Maryland	System is underfunded, must seek additional sources of revenue
Massachusetts**	
Michigan	Multiple problems including salaries; capital outlay; the nature of the formula
Minnesota**	
Mississippi**	
Missouri*	
Montana*	
Nebraska*	
Nevada	Full-time/part-time student/faculty ratios; part-time faculty salaries; support services
New Hampshire	Economic downturn restricts state income—new sources needed
New Jersey	Limited state resources resulting in declining funding
New Mexico	Overall level of support; state/local cost-sharing
New York (SUNY)**	

TABLE 18—Continued

State	Reported Problems
North Carolina	Inadequate funds to increase average instructor salaries
North Dakota*	
Ohio*	
Oklahoma**	
Oregon**	
Pennsylvania**	
Rhode Island**	
South Carolina	State formula funding at less than 100%
South Dakota*	
Tennessee	Insufficiency of the sales tax base
Texas**	
Utah*	
Vermont**	
Virginia**	
Washington	Faculty salaries; instructional support; equipment; minority student programs; child care
West Virginia	Governance; funding; assessment and articulation w/voc-tech schools
Wisconsin	Property tax millage rate limits property tax growth
Wyoming**	
Puerto Rico**	

* DID NOT PARTICIPATE
** DID NOT REPORT

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Wattenbarger, J.L. & Starnes, P.M. *State Funding Formulae for Public Two-Year Colleges*. Gainesville, Fla.: Institute of Higher Education, October 1973.

Wattenbarger, J.L. & Starnes, P.M. *Financial Support for Community Colleges*. Gainesville, Fla.: Institute of Higher Education, June 1974.

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Wattenbarger, J.L. & Mercer, S.L. *Financing Community Colleges*. Washington, D.C.: American Association of Community and Junior Colleges, 1988.

Copies of these publications and several other monographs on a variety of topics are available through the institute. Please write to James L. Wattenbarger, director, Institute of Higher Education, College of Education, Norman Hall, University of Florida, Gainesville, FL 32611.

Copies of the 1988 edition of Financing Community Colleges *are available for $3 from AACJC Publications, 2700 Prosperity Ave., Fairfax, VA 22031.*

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APPENDIX A

THE QUESTIONNAIRE

RETURN TO: James L. Wattenbarger, Director
Institute of Higher Education
College of Education
University of Florida
Gainesville, Florida 32611

COMMUNITY COLLEGE FINANCIAL SURVEY—FISCAL YEAR 1988
Institute of Higher Education
The University of Florida
Gainesville, Florida 32611

In Cooperation with the National Council of State Directors of Community/Junior Colleges

Name of State: _____

Person Completing Survey: _____

Telephone No.: ( ) _____

I. General Finances

a. Have there been any major changes in any of the methods of financial support for community colleges in your state since fiscal year 1986?

Changes State Support:	Yes	No
General purpose grants/appropriations		
Restricted purpose grants/appropriations		
Funding formulae		
Local Support:		
Tax rates		
Tuition & fees		
Other (Please specify)		

b. What are the sources of your state appropriations funding?

Sales tax
Income tax
Property tax
Excise taxes
Lottery revenue
Other (Please specify)

c. What are the sources of your local tax revenue?

	Yes	No
None		
Property tax		
Excise tax		
Other (Please specify)		

d. Please enclose an explanation of how funds are currently being allocated to institutions as well as a brief description of how the total state appropriation is determined by the legislature. (Please include a copy of any prepared materials.)

e. If funds to individual colleges are apportioned by procedures of the state agency (as different from state law), please enclose an explanation.

II. For the 1987–1988 Academic Year:

a. What is the average expenditure, in terms of operating costs, reported per student? (This should include total E + G expenditures for all students in credit programs.)

FTE Expenditure $ _____

b. What is the total number of students on which above expenditure is based:

Unduplicated headcount_____
Full-time_____ Part-time_____ FTE_____

c. What is the source breakdown by approximate percentage of current general operating funds for community colleges?

Federal	_____%
State	_____%
Local	_____%
Student tuition ~ fees	_____%
Other (Please specify)	_____%

Total amount of funds $ _____

Each state defines FTE in a somewhat different way. Use your own definition.

III. Student Tuition & Fees

a. What has been the percentage increase/decrease in total student tuition and fees since fiscal year 1986? (Do not include boarding or residence fees.)

In-district students: $\frac{\text{FY 1988}}{\text{FY 1986}}$ = % increase OR % decrease

In-state students: $\frac{\text{FY 1988}}{\text{FY 1986}}$ = % increase OR % decrease

Out-of-state students: $\frac{\text{FY 1988}}{\text{FY 1986}}$ = % increase OR % decrease

IV. Non-Credit Courses:

[if available]	Percent State Support	Percent Local Support	Percent Student Support	Percent Total
How are courses funded?				
1. Non-credit certificate areas (Programs that award certificate of completion)	_____	_____	_____	100.00
2. Non-credit community life-long learning (individual courses)	_____	_____	_____	100.00
3. Recreation/leisure	_____	_____	_____	100.00
4. Training courses (required by law, ie. driver training)	_____	_____	_____	100.00

V. Are program costs analyzed and used in allocating funds to each institution? _____ Yes _____ No
(Please attach a description of how this is applied to your particular system.)

VI. Of total state funds, what percent are categorical or of limited use? (Funds appropriated or set aside for specific use only)

a. _____ % categorical or limited use.
b. What areas are largely categorical supported?

VII. Does your state have any mandated activities (i.e., restricted class size for some Courses or Assessment tests in order to enter an upper-division [junior- or senior-level] course)?
a. _____ Yes _____ No
b. If Yes: State provides categorical funds to support these mandated activities. _____ Yes _____ No

State provides categorical support for what percentage of total activities? _____ %

Please describe these mandated activities.

VIII. Has your state developed, or is it in the process of developing, support on bases other than FTE enrollment or other student enrollment-driven formulae? _____ Yes _____ No

If yes, please *attach* a description.

IX. Please indicate a percentage change in funds available to community colleges for student financial aid since fiscal year 1986. (1988/1986 approximations will be satisfactory.)

_____ % Change in federal funds
_____ % Change in institutional funds
_____ % Change in state funds
_____ % Change in private foundation funds

X. What are the current critical problem areas in financing community colleges in your state? (Attach any prepared materials.)

XI. Sources of funds for capital outlay in FY 1988 were:

Local taxes/bonds $ _____
State taxes/bonds $ _____
Other (Please specify) $ _____

Total amount of funds authorized in FY 1988. $ _____

XII. What were the total amounts of state appropriations for support of education for the 1988–89 year?

Public schools (grades K–12) $ _____
Vocational schools $ _____
Community colleges $ _____
Other higher education $ _____

APPENDIX B

STATE–LEVEL RESPONDENTS

State	Contact	Phone #
Alabama	Brenda Kelley	(205) 244-7900
Alaska	—	
Arizona	Thomas Saad	(602) 255-4037
Arkansas	Tom Spencer Barbara Anderson	(501) 371-1441
California	Jose R. Michel	(916) 445-1163
Colorado	—	
Connecticut	Alessandra Tutino	(203) 556-8760
Delaware	—	
Florida	Lee P. Young	(904) 488-7926
Georgia	Roger Mosshart	(404) 656-2233
Hawaii	—	
Idaho	—	
Illinois	Robert Widmer	(217) 785-0087
Indiana	Robert W. Ruble	(317) 232-1900
Iowa	Charles Moench	(515) 281-3599
Kansas	—	
Kentucky	Jack Jordan	(606) 257-4752
Louisiana	Michael Galloway	(504) 342-4253
Maine	—	
Maryland	Mary Bode	(301) 974-2881
Massachusetts	Mary Spolidoro	(617) 727-7785
Michigan	Jim Folkening	(517) 373-3360
Minnesota	Douglas Easterling	(612) 297-9684
Mississippi	G. V. Moody	(601) 982-6518
Missouri	—	
Montana	—	
Nebraska	—	
Nevada	Ron Sparks	(704) 784-4036
New Hampshire	David Milliken	(603) 271-2721
New Jersey	Narcisa Polonio	(609) 984-2676
New Mexico	Danny Earp	(505) 827-8300
New York (SUNY)	David Van Nortwick	(518) 443-5129
North Carolina	Larry Morgan	(919) 733-7051
North Dakota	—	
Ohio	—	
Oklahoma	Martha Nagle	(405) 521-2444

State	Contact	Phone #
Oregon	Debbie Lincoln	(503) 378-8630
Pennsylvania	Edward Kloc	(717) 787-5993
Rhode Island	Ruth Barrington	(401) 825-2184
South Carolina	Tim O'Dell	(803) 737-9411
South Dakota*	Michel Hillman	(605) 773-3455
Tennessee	William Aiken	(615) 366-4444
Texas	Bill Webb	(512) 462-6460
Utah	—	
Vermont	Claire Daniels	(802) 241-3535
Virginia	Joe Hester	(804) 225-2313
Washington	Scott Morgan	(206) 753-0880
West Virginia	James J. Schneider	(304) 348-0278
Wisconsin	Gregory Waagner	(608) 266-2947
Wyoming	Helen Kitchens	
Puerto Rico	Jaime Garcia	(809) 758-3056

*Does not have a community college system

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ABOUT THE AUTHORS

David S. Honeyman is currently an associate professor and co-director of the Center for Educational Finance, University of Florida. Honeyman earned his Ph.D. in education administration and finance from the University of Virginia in 1983. He has published in the areas of educational finance and school facilities planning in recognized refereed journals, including *Journal of Education Finance* and *School Business Affairs*. He is an editor of *American Middle School Education*.

James L. Wattenbarger is currently a distinguished service professor and director of the Institute of Higher Education, University of Florida. Wattenbarger earned his Ed.D. from the University of Florida in 1950. He initiated studies that led to the development of the state of Florida's currently existing community college system. He serves on the Commission on the Future of Community Colleges, which is affiliated with AACJC. Wattenbarger has also published widely in refereed journals, monographs, and books on the American community college.

Mary Lynn Williamson is currently a doctoral candidate in educational leadership, College of Education, University of Florida. She earned a Masters in Education in counseling and guidance and an M.A. in student personnel services from Northwestern State University. She served as assistant dean for student services at the University of Florida for five years. Williamson has published monographs and refereed articles on student personnel issues and on the financing of community colleges, and she has made national presentations on student personnel services and student leadership.

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